

SHETRADES

PROMOTING SME COMPETITIVENESS IN INDONESIA



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IN INDONESIA

About the paper

Being a women-owned company negatively affects the credibility of their business, say Indonesian women entrepreneurs in the services sector.

They also need better access to patents, internet access, quality certifications, marketing opportunities and customer outreach to run a business successfully, according to an ITC SME Competitiveness Survey of women-led firms in the country. The survey was carried out as part of the SheTrades Initiative to connect one million women to markets by 2020.

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For more information on the SheTrades Initiative, see: <https://shetrades.com/>

For more information on the SME Competitiveness Survey, see: <http://www.intracen.org/SMECS/>

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Foreword

Women continue to be one of the greatest untapped resources in the economic and development arsenals of governments. Unlocking the economic potential of women entrepreneurs can add up to \$28 trillion to the world's GDP by 2025, according to the McKinsey Global Institute. Yet legal, regulatory, cultural, financial, and digital barriers continue to prevent women from fully contributing to our economies.

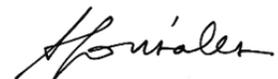
In an effort to dig deeper into this phenomenon, the International Trade Centre (ITC), the joint development agency of the World Trade Organization and the United Nations, has undertaken a series of data gathering exercises and analyses to better understand the barriers that continue to prevent women from reaching their full potential as equal economic actors.

We are pleased to launch this report as one in a series of three publications examining women entrepreneurship in the services sector in Kenya, Indonesia and Sri Lanka. This report builds on ITC's SME Competitiveness Survey and leverages the SheTrades country experience to highlight the barriers to growth for women-owned micro, small and medium-sized entrepreneurs (MSMEs) in Indonesia's services sector. It highlights how policymakers, development actors, trade and investment support institutions and the private sector can build upon the recommendations to set policy and design interventions to support greater women's economic empowerment.

Launched in 2010, ITC's SheTrades Initiative aims to connect 1 million women to markets by 2020, by linking them to trade and investment opportunities. The initiative has mobilized a network of more than 800,000 women entrepreneurs, facilitated access to markets for more than 15,000 women in business, and has helped generate more than \$70 million in trade for women.

With support from the Government of Australia's Department of Foreign Affairs and Trade, the SheTrades Indian Ocean Rim Association project improves the competitiveness of women-owned MSMEs in Kenya, Indonesia, and Sri Lanka and helps them reach international buyers.

The findings in this report feed into the ongoing, global work on the United Nations Sustainable Development Goals and it is our hope that it can be an important resource to support greater integration of women into the services sector.



Arancha González
Executive Director
International Trade Centre

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Acronyms

Unless otherwise specified, all references to dollars (\$) are to United States dollars, and all references to tons are to metric tons.

FDI	Foreign Direct Investment
FLFP	Female Labour Force Participation
GDP	Gross domestic product
ICT	Information and communications technology
IORA	Indian Ocean Rim Association
IPR	Intellectual Property Rights
ISD	Indonesia Services Dialogue
ISIC	International Standard Industrial Classification of All Economic Activities
ITB Berlin	Berlin's Travel Trade Show (Internationale Tourismus Börse Berlin)
ITC	International Trade Centre
ITU	International Telecommunication Union
MSME	Micro, small and medium-sized enterprise
SME	Small and medium-sized enterprise

Executive summary

Women in Indonesia are not yet full participants in the country's work force, and by extension, its economy. Only half of all women are employed in Indonesia, accounting for just 38% of the total labour force. Contributing to this lack of participation is a tendency among businesses in Indonesia, even in women-owned firms, to employ fewer women as enterprises grow. When women are hired, it is mostly in micro-sized firms that often offer limited earning potential. And when women own or lead enterprises, the vast majority of them believe that being a women-owned company negatively affects the credibility of their business.

To better understand these barriers, ITC's SheTrades Initiative project for the Economic Empowerment of Women in Indian Ocean Rim Association (IORA) countries studied the challenges faced by women-owned micro, small and medium-sized enterprises (MSMEs) in Indonesia's services sector.

In 2016, ITC and Indonesia Services Dialogue (ISD) deployed ITC's Small and Medium-sized Enterprise (SME) Competitiveness Survey among 100 women-owned and led firms in Indonesia's services sector. Drawing on a wide range of research as well as first-hand accounts, this report focuses on the barriers to growth for women-owned MSMEs in Indonesia regarding firm capabilities, the business ecosystem, and the national policy and regulatory environment, to help identify what bottlenecks women-owned firms are currently facing.

Lack of growth in women's work force participation

Only 50% of all working age women participate in the work force; a figure that has not grown in more than 25 years. Raising this would have a number of economic advantages, including boosting growth and tax revenues, revitalising national pension schemes, and reducing welfare and poverty alleviation costs. There are also numerous social benefits, including enhancing the independence of women in society, and breaking harmful gender-based stereotypes. Indonesia's national statistics agencies should consider enhancing its collection and reporting of sex-disaggregated data to facilitate more detailed research into the barriers faced by women-owned MSMEs in the country.

As firms grow, they employ fewer women

The share of employed women is highest for micro-sized firms, and decreases as firm size increases. ITC's survey found that 79% of employees of micro-sized firms are women, compared to just 37% of employees in medium-sized firms. This means that, even among women-owned or led firms, as businesses grow they tend to employ fewer women. Policies to encourage hiring women can help. For instance, mandating that companies offer flexible working options, incentivising work through taxation policy, and improving childcare support have led to increases in the numbers of women joining the workforce in other countries.

Barriers to acquiring patents

Low barriers to entry and rapid change in the services sector make patents potentially very useful when they can be attained. However, ITC's survey reveals that only 27% of MSMEs hold a domestic patent for their main product, and less than 2% hold an internationally recognised patent. Interestingly, firms in the survey reported a good knowledge of domestic intellectual property (IP) systems and procedures, which suggests that firms would at least know where to start if they wanted to pursue a patent.

Many of the MSMEs surveyed believe patents, and the benefits patents bring, are only relevant for large companies. Educating MSMEs on the long-term benefits of patents will help promote innovation among these services firms, and help increase the number of growth-oriented MSMEs, which do the most to create new jobs. The government should also consider deploying funds to help research institutions, individuals, or private sector firms with the application process. Such an approach has been credited with increasing the number of patents in South Africa under the Support Programme for Industrial Innovation (SPII, 2013).

The quality of Internet connections

The MSMEs surveyed by ITC reported a high level of usage of information and communications technology (ICT), including having an Internet connection, and using email in day-to-day operations.

However, for more complex ICT tasks, such as setting up a website or using computers for back-office operations, surveyed firms said they struggled to keep up. One of the reasons they listed for this was inadequate access to high-quality connectivity infrastructure.

Due to geographic factors, including being the world's largest archipelago, Indonesia faces daunting challenges to improve its citizen's internet connectivity. Currently, only fixed-line networks provide the quality and stability required for businesses to engage in e-commerce and cloud computing, among other online activities.

According to ITC's survey, exporters were 10% more likely to have a website than non-exporters. For international buyers, having a modern website is a signal of a competent company. Without one, Indonesian MSMEs will find it much harder to sell their products abroad. Implementation of Indonesia's broadband plan is critical to boosting MSME competitiveness. Capacity-building efforts can also help to encourage more women-led enterprises to establish an online presence.

Social media helps build client base

The growth of social media has enabled MSMEs to bypass expensive advertising agencies and reach customers directly. MSMEs recognize this opportunity and are seizing it. Around 80% of the MSMEs surveyed use social media to promote their main product. However, many firms still struggle to segment their client base. Only 19% reported having a good or excellent understanding of their customers' profile information, and only 18% reported collecting information on their customers' reactions to, and expectations of, their products.

Targeted entrepreneurial training programmes could help MSMEs learn the skills they need to use social media more effectively. Trade fairs can provide opportunities for MSMEs to meet international buyers and be connected with international markets. Women entrepreneurs may benefit the most from trade fairs specifically targeted at women such as ITC's annual SheTrades Global event.

Low rating for certification bodies

Women-owned firms surveyed by ITC rated the utility of certification bodies in Indonesia quite low. They gave them an overall score of 51 out of 100, and only 12% of them rated these organizations to be good or excellent. This is, in part, because certification tests can be quite complicated to navigate for MSMEs, especially when they are time sensitive.

Much of Indonesia's technical infrastructure is under the control of the government. As such, different aspects of the country's quality-control infrastructure are managed by different ministries, often leading to coordination failures, and duplication of responsibilities. The poor ratings given by women-owned firms in the services sector show that much still remains to be done to improve the effectiveness of certification bodies. One way the country can encourage improvements is by harmonising standards with regional neighbours and signing Mutual Recognition Agreements. Such efforts often force standards authorities to undertake intensive reforms that improve their efficiency.

Sector associations, as well as trade and investment bodies, also have a role to play. These entities have strong links to companies and can help firms become certified by building awareness of certification options, suggesting new markets for which certification is needed, and representing business interests to public or private technical infrastructure authorities. Special women-only trainings may result in more women-owned MSMEs engaging in international trade.

Going global

Most of the women entrepreneurs ITC surveyed feel there are too many barriers to evolve their businesses beyond Indonesia. More than three quarters of the respondents believe that women-owned or led enterprises do not internationalize as much as those owned or led by men. Some women blame cultural factors and the perpetuation of gender roles. Others say they lack confidence, believing that women are less competitive than men are, and that men are more aggressive in networking and lobbying for their businesses.

More than 80% of women-led firms surveyed believe that being a women-owned company negatively affects the credibility of their business. Capacity-building initiatives designed to boost Indonesian women's

confidence and ambition could lead to faster growing women-owned enterprises. To break the perpetuation of gender stereotypes, more initiatives should be undertaken to highlight the achievements of successful Indonesian business women.

CHAPTER 1 WOMEN AND TRADE IN INDONESIA

ITC's SheTrades Initiative

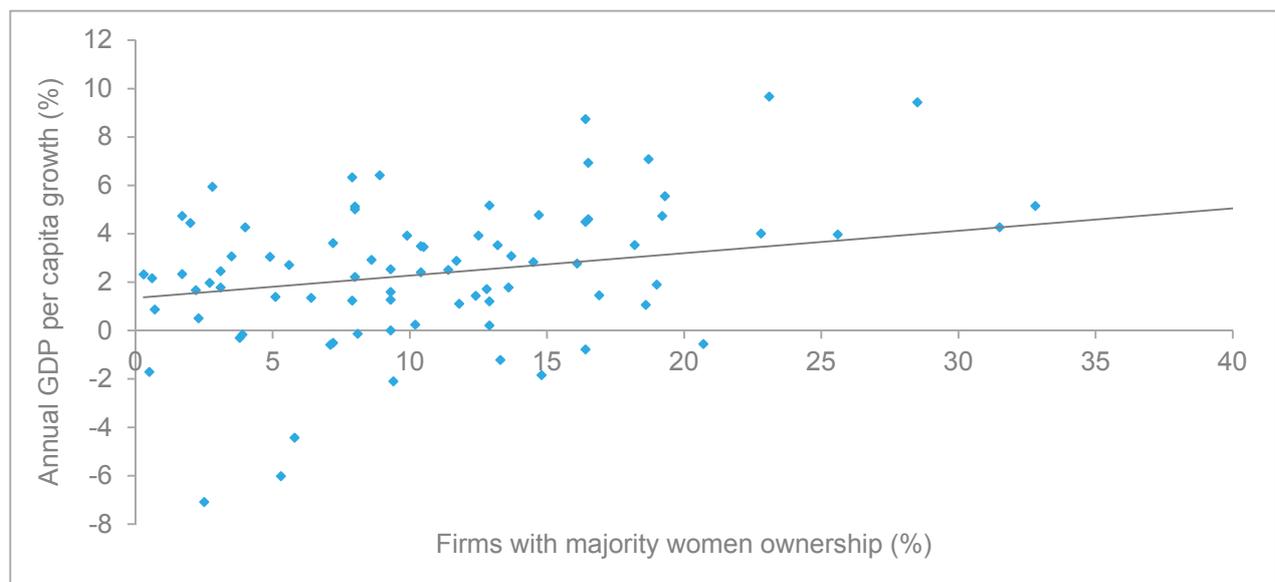
Women play a major role in the global economy. They invest more in the education, health and nutrition of their families than men do, thereby helping to create secure foundations for the future of their families and communities. Women entrepreneurs do the most to catalyse this virtuous cycle, as they tend to employ other women in their companies.

Improving the performance of women-owned or led firms can therefore translate into more jobs, and a more equitable distribution of income. International trade can support this process; firms that trade are typically bigger, more productive and endure longer than firms that do not (International Trade Centre, 2015).

More women-owned enterprises, more growth

The contribution of women-owned firms to development outcomes is complex, partly because of patchy statistical coverage. Nevertheless, relatively simple plots can be quite revealing. Figure 1 shows the relationship between the annualized gross domestic product (GDP) growth for 2016 and the percent of firms with majority women-ownership. These variables are positively correlated. Although correlation does not imply causation, it makes intuitive sense that the more women-owned firms an economy has, the higher its growth should be. After all, women make up half the world's talent pool.

Figure 1 Women-owned firms help economic growth



Source: ITC calculations based on World Bank data.

Numerous gender-based disparities remain in the global economy. For one, women-owned businesses represent only between one quarter and one third of enterprises in the world. They operate largely outside of value chains, and thus international trade, where the greatest opportunities for growth lie.

Launched in 2010, ITC's SheTrades initiative strives to close these gender gaps by supporting women entrepreneurs to grow their businesses through international trade. With a goal of connecting 1 million women to market, SheTrades provides a framework of seven global actions (see bullets below) to unlock markets for women, and offers an online platform for women entrepreneurs to connect to markets.

Stakeholders ranging from the private sector, research and multilateral organizations collaborate with ITC to expand opportunities for women entrepreneurs by making specific, actionable pledges:

- To collect, analyse and distribute data on women's economic participation;
- To create trade policies and agreements that enhance women's participation in trade;
- To empower women-owned businesses to participate in public procurement spending;
- To create corporate procurement programmes that embed diversity and inclusion in value chains;
- To address supply side constraints that affect women-owned businesses;
- To close the gap between men and women for accessing financial services; and
- To ensure legislative and administrative reforms guaranteeing women's rights to ownership and control over resources.

Box 1 SheTrades in Indonesia

In Indonesia, the SheTrades initiative works with several partners including Government institutions, Women Business Organizations, and the private sector. For example, in close collaboration with International Finance Corporation (IFC), Himpunan Pengusaha Pribumi Indonesia (HIPPI), an institution for Indonesian entrepreneurs, and Indonesia Global Compact Network (IGCN), ITC organized a Women in Business Forum in March 2017 to raise women entrepreneurs' awareness of supply chain opportunities.

With funding from the Government of Australia's Department of Foreign Affairs and Trade, the SheTrades project for Economic Empowerment of Women in the Indian Ocean Rim Association countries (IORA project) connects women-owned MSMEs in Kenya, Indonesia and Sri Lanka with international buyers. The project focuses on women-owned enterprises operating in the services sector, specifically, in tourism, information and technology, and information technology enabled services. In addition, the project strengthens the effectiveness of TISIs in these countries so that they are better able to provide women entrepreneurs with relevant services.

In collaboration with Facebook Indonesia and the #SheMeansBusiness initiative, the IORA project delivered a series of workshops on social media, digital marketing and e-commerce for small businesses to 50 project beneficiaries in July 2017. The training brought experts from Facebook Asia Pacific, MullenLowe Indonesia and ITC to cover essential and practical topics on Facebook and Instagram marketing, investment in digital marketing, crafting digital story, and e-commerce policy amongst others.

As a result of the IORA project support, the SheTrades community in Indonesia has grown to a large number of over 160 women entrepreneurs in both tourism and IT sectors. The women-owned/-led SMEs benefitting from the IORA project have reported increased knowledge and strengthened capacity. Export ready companies were selected to attend international trade fairs i companies from Indonesia.

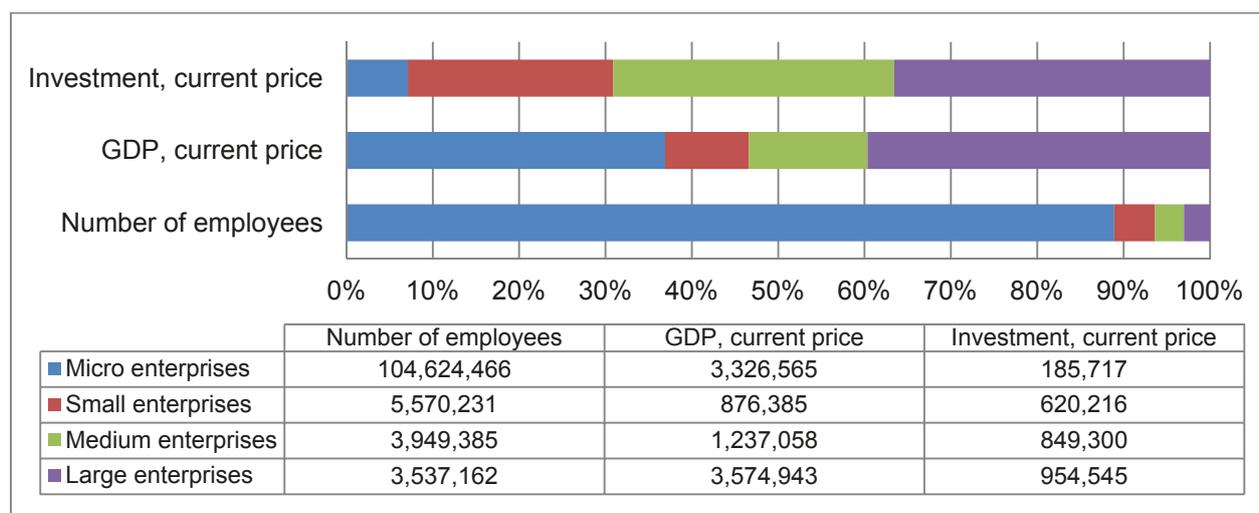
To date, the project has supported the participation of over 25 project beneficiaries from Indonesia to 6 international trade fairs in buyer markets, such as Germany and the United Kingdom, with plans for additional capacity-building and business generation activities jointly organized with IORA partners.

The importance of smaller firms and women in Indonesia's economy

The Indonesian economy is mostly composed of micro, small and medium-sized enterprises (MSMEs), accounting for 99% of the total number of active enterprises in the country. However, even though MSMEs create 97% of total employment (Global Business Guide, 2016), they only account for about 60% of Indonesia's GDP and investment (see Figure 2) (Economy of Indonesia, 2017).

The role and importance of MSMEs, together with the need to improve MSME competitiveness and productivity, are therefore recognized by Indonesia's Government Development Plans (the Rencana Pembangunan Jangka Menengah Nasional).

Figure 2 Contribution of micro, small and medium-sized firms to Indonesia's economy



Source: Ministry of SMEs and Cooperatives, website accessed on 20 February 2017.

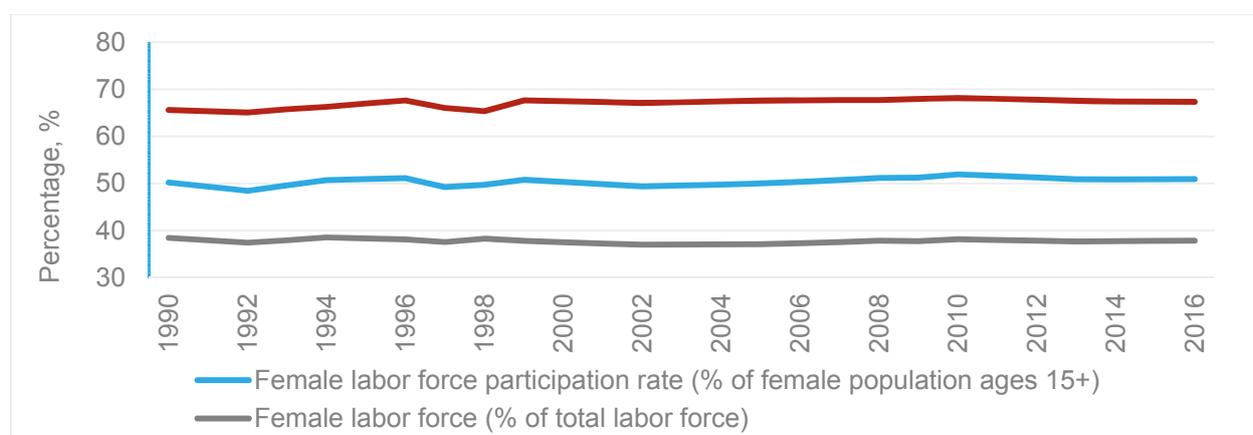
In Indonesia, women own half of all MSMEs (International Finance Group, 2016). While the estimates vary due to different classifications of women entrepreneurs, they underscore the prevalence of women engaged in entrepreneurship in Indonesia. Yet, gender inequality persists in the country: women-owned businesses are smaller, and usually operate in low value-added sectors such as retail.

Lack of growth in women's work force participation

Women account for only 38% of the labour force despite comprising half the population (Figure 3). Furthermore, the female labour force participation (FLFP) rate, currently at around 50%, has not grown in over 25 years. Raising the FLFP has a number of economic advantages including boosting growth and tax revenues, revitalising national pension schemes, and reducing welfare or poverty alleviation costs.

There are also numerous social benefits, such as enhancing the independence of women in society and breaking harmful gender-based stereotypes (Fund, 2013). Since women entrepreneurs tend to employ a higher share of women, they can play an important role in increasing FLFP. Indonesia's female labour force has gradually moved from the agriculture sector into the services sector, where women represent the majority of workers. Consequently, fostering the growth of woman-owned or led MSMEs in the services sector could have important positive repercussions on the economy as a whole (see example in Box 1).

Figure 3 How women participate in Indonesia's labour force



Source: World Bank (2016). World Development Indicators- Female Labor Force Participation Rate and Female Labor Force. Available from

http://databank.worldbank.org/data/reports.aspx?Code=IDN&id=556d8fa6&report_name=Popular_countries&populartype=country&ispopular=y. Accessed 21 August 2017.

Indonesia's vibrant services sector

Indonesia is the world's largest archipelago and the world's 10th largest economy in terms of purchasing power parity. The country has managed to cut its poverty rate by more than half between 1999 and 2015, to 11% (World Bank, 2017). This is due, in part, to a thriving services sector (Suryahadi, Hadiwidjaja, & Sumarto, 2012).

Over the last 50 years, Indonesia has shifted from an agriculture-based economy to a more diversified economy, with manufacturing and services contributing more than the agriculture sector (see Table 1) (World Bank, 2017). Services, which in 2016 accounted for 44% of GDP, now represents the largest segment of the Indonesian economy. Among services in the sector, wholesale and retail, communication, and construction are top contributors to the country's GDP growth.

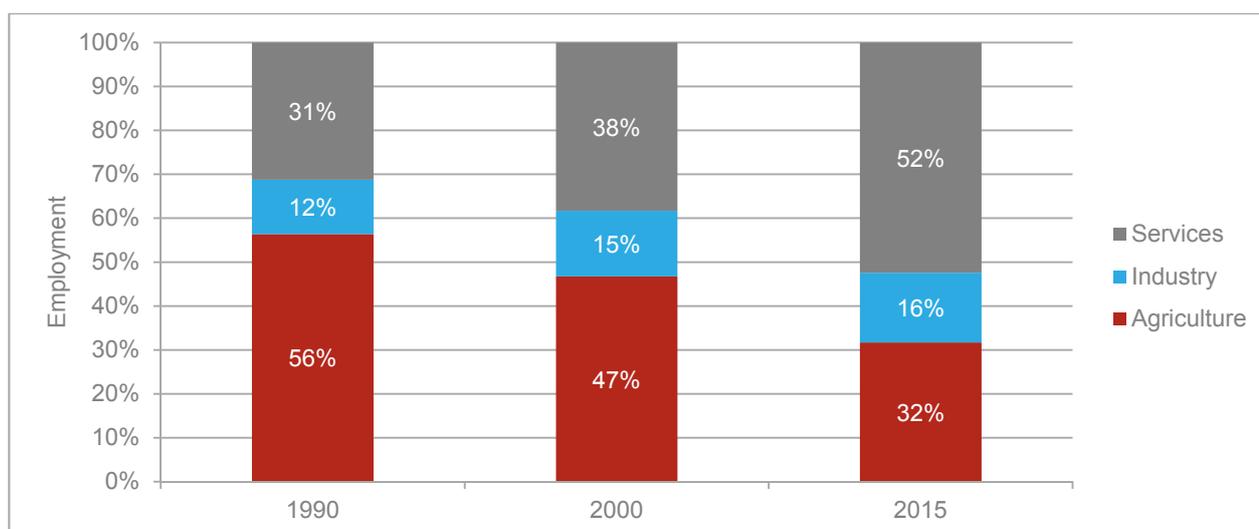
Table 1 Key Indonesian national statistics

Country Profile	1990	2000	2016
Population, total (millions)	181	212	261
GDP (current \$ billions)	106	165	932
GDP growth (annual %)	7.2	4.9	5
Agriculture, value added (% of GDP)	22	16	13
Industry, value added (% of GDP)	39	46	39
Services, value added (% of GDP)	39	38	44
Exports of goods and services (% of GDP)	27	41	19
Imports of goods and services (% of GDP)	26	30	18

Source: World Bank (2017). World Development Indicators. Available from <http://data.worldbank.org/data-catalog/world-development-indicators>. Accessed 10 August 2017.

Between 2000 and 2012, the services sector was the largest source for job creation in Indonesia, adding 21.7 million new jobs (Anggraini, 2015). The share of people employed in the services sector has risen over the last 30 years, and now contributes around 45% of all jobs (Figure 4) (World Bank, 2016). In comparison, the share of people employed in the industrial sector has only slightly grown, while for the agricultural sector, the share has declined.

Figure 4 Sector contribution to total employment



Source: World Bank (2016). Data Bank: World Development Indicators- Industry, Agriculture, and Services. Available from <http://databank.worldbank.org/data/reports.aspx?source=2&series=NV.IND.TOTL.ZS&country=IDN>.

Box 2 SheTrades Testimonial: Aseries Informix Solusi Teknologi

Ms. Temmy
CEO, Aseries Informix Solusi Teknologi (AIST)
IORA Beneficiary in Indonesia

'The SheTrades initiative has supported my participation in CeBIT 2017, expanding my knowledge of the global digital business landscape and helping me gain access to new clients, raising funds and building new networks. I met with potential investors and partners for collaboration on mobile app development. In addition, I was invited to more trade fairs for SMEs to connect with investors and seal potential cross-border deals as a result of this support.

Since I joined the SheTrades community in Indonesia, I feel empowered and more confident in doing my business. My company has successfully increased the amount of permanent staff and remote staff from six to 19 staff. Now, I aspire to grow my business to become a reputable IT solution that is woman-friendly. This experience has also inspired me to broaden my capacity not only nationally, but also internationally.'

Source: ITC

CHAPTER 2 BARRIERS TO GROWTH FOR WOMEN-OWNED FIRMS IN INDONESIA

The SME Competitiveness Survey

To assess the health of women-owned or led MSMEs in Indonesia, ITC and the Indonesia Services Dialogue (ISD) collaborated to deploy ITC's SME Competitiveness Survey in 2016. ISD serves as the leading forum for the services sector in Indonesia (Box 3).

Box 3 Indonesia Services Dialogue

The Indonesia Services Dialogue (ISD) mission is to “promote growth and greater efficiency of Indonesia’s services sector” through dialogue. ISD does this by bringing together Indonesia’s leading firms, professional business associations, and academics, in a public forum to discuss key topics related to services industries.

ISD serves as an umbrella organization designed to represent the voices of stakeholders in multiple service sectors, so that they can effectively represent their views to government on topics such as regulation and trade policy.

Source: www.isd-indonesia.org.

ITC's SME Competitiveness Survey assesses the strengths and weaknesses of firms, the wider business ecosystem, and the national environment to help identify what bottlenecks to growth firms are currently facing.

The survey has three key pillars:

- **Capacity to compete** is the static dimension of competitiveness. It assesses whether current production is efficient and meets market requirements.
- **Capacity to connect** is the connectivity dimension of competitiveness. To be competitive, firms must link to customers, businesses, institutions, and be literate in information and communications technology.
- **Capacity to change** is the dynamic dimension of competitiveness. It assesses whether firms have the capacity to make human and financial investments to adapt to fast-changing markets.

The pillars have three further levels:

- **Firm capabilities** assesses whether firms can manage resources under their control.
- **The business ecosystem** includes support institutions that supply enterprises with the resources or competences they need to be competitive.
- **The national environment** assesses the macro-economic and regulatory environment under which enterprises operate. Governments primarily set the national environment.

Table 2 shows how the pillars and levels fit together.

Table 2 The Competitiveness Grid

Theme	Firm capabilities / Business ecosystem / National environment (examples)
Quantity and cost requirements	Meeting liquidity requirements, access to electricity
Time requirements	Timeliness of suppliers, efficiency of customs
Certification and standards	Use of international certificates, regulations on standards
Competitors	Knowledge of competitors, competitive intensity
ICT requirements	Use of websites, quality of network connections
Linkages with customers	Advertising and promotion, marketing research
Linkages with businesses	Contact with private associations, quality of associations
Linkages with institutions	Contact with public institutions, quality of institutions
Financing requirements	Business bank account, access to financial institutions
Skills requirements	Training programmes, access to skilled labour
IP requirements	Patent registration, access to IP related information
Innovation requirements	Development of new or improved products, research networks

Source: ITC.

Key features of the survey sample

The survey sample is composed of 100 women-owned or led services firms of different sizes, sectors, and export orientation. Firm sizes are defined according to the following thresholds: micro (less than five employees), small (five to 19 employees), medium (20 to 99 employees), and large (100 or more employees) (Table 3).

Given the low number of large firms, the statistics and analysis presented in this report are often restricted to MSMEs. This is consistent with the sampling conducted by ISD, focusing only on MSMEs as defined by Indonesian law (see the Appendices for further details).

Table 3 Survey sample features

Firm size	Total	Exporters	Importers	Import and export	Tourism	ICT	Professional
Micro	15	3	1	0	5	0	6
Small	53	19	1	0	23	5	11
Medium	28	14	4	2	10	2	4
Large	4	0	1	0	1	0	2
All	100	36	7	2	39	7	23

Source: ITC calculations based on SME Competitiveness Survey data collected by ISD.

More than a third of the firms in the sample are engaged in exporting activities, while only 7% are engaged in importing activities. The importance of tourism to the Indonesian economy is reflected by the high share of tourism firms included in the sample (39%).

A large share of the sample also operates in accommodation and food service activities (32%), professional, scientific and technical activities (22%), and administrative and support service activities (21%) as classified in International Standard Industrial Classification of All Economic Activities (ISIC), Revision 4 (United Nations Statistics Division, 2008).

As firms grow, they employ fewer women

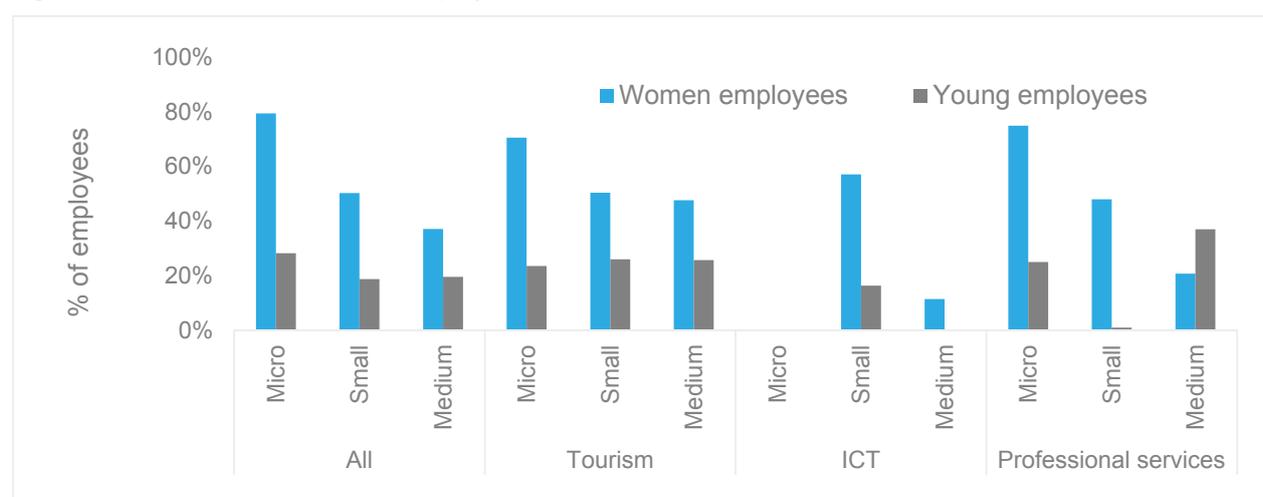
The share of women in employment is highest for micro-sized firms, and decreases as firm size increases. This means that, even among women-owned or led firms, as they grow they tend to employ fewer women.

For instance, 79% of employees in micro-sized firms are women, compared to just 37% of employees in medium-sized firms (see Figure 5). Nevertheless, these rates are still higher than the percentage of women employed in medium-sized, men-owned firms (33%) (World Bank, 2015).

Interestingly, this effect is weaker in the tourism sector, as least compared to the ICT and professional services sectors. Both of these sectors require good levels of literacy and specialized skills. Many women, even in developed countries, are less likely to learn programming and other technical skills, which may explain the observed trends.

There is no quick fix to address the falling participation of women in companies as they grow. The most effective solutions often take the most time, for example, improving the education of women at the primary, secondary and tertiary level; establishing maternity benefits; improving childcare support; and changing attitudes.

Figure 5 Youth and female employment



Source: ITC calculations based on SME Competitiveness Survey data collected by ISD.

Survey results at a glance

Table 4 shows a high-level overview of results from the SME Competitiveness Survey.¹ The survey scores show that firms report having good capabilities to manage the resources under their control, however, they rate their business ecosystem less well, and their national environment even worse. In terms of the pillars of competitiveness, the scores are fairly well balanced, all ranging from 58 to 68 out of 100.

Table 4 The SME Competitiveness Grid for Indonesia

	Compete	Connect	Change	Average across three pillars
Firm capabilities	65	74	59	66
Business ecosystem	71	61	59	64
National environment	67	57	58	61
Average	68	64	58	

Source: ITC calculations based on SME Competitiveness data collected by ISD. Note: Score follows a 0 to 100 score range. Higher scores are better. Answers to questions are ranked, enabling averages to be calculated for each question. Questions are grouped into indicators and the final score presented is an average of these indicators.

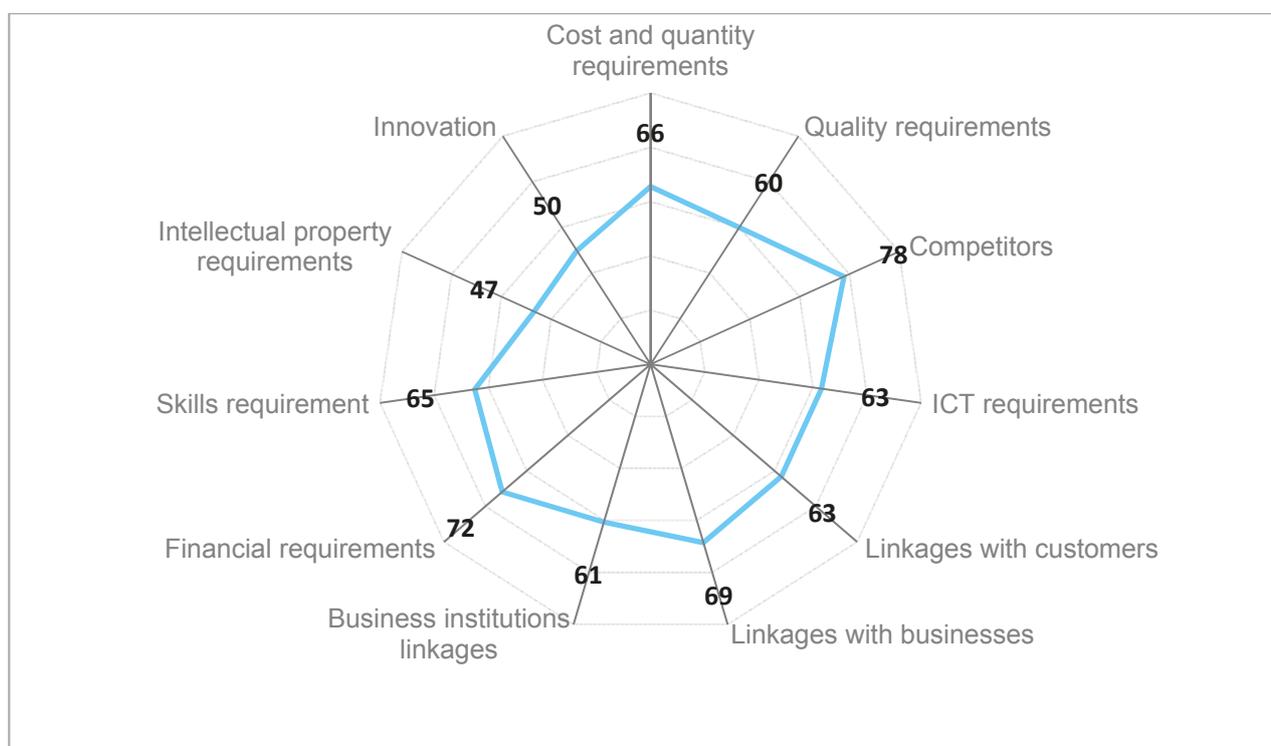
¹ It is important to note that the results from this survey are based on a relatively small sample of firms, selected from the membership of ISD. Thus, extrapolating the findings to the entire women-owned and led Indonesian services sector as a whole should be done with care.

Figure 6 shows a more in-depth picture of MSME competitiveness by theme. Indonesian women-led services firms perform best on areas related to understanding their competitors, establishing linkages with other businesses, and rather surprisingly, financial requirements. Finance is a perennial complaint of MSMEs, but according to the firms surveyed for this report, they reported a good understanding of loan application procedures and managing their liquidity requirements.

In addition, 91% of firms had a business bank account. In fact, the scores on finance would have been higher if not for the country's relatively high national interest rate spread of 4.7%.

Intellectual property and innovation requirements, however, received the lowest scores in the survey. Both themes are critical to the ability of firms to remain competitive in the long term. In the sections that follow, the performance of firms and the environment in which they operate are assessed, and policy actions are proposed in Chapter 3.

Figure 6 SME Competitiveness Survey results at a glance



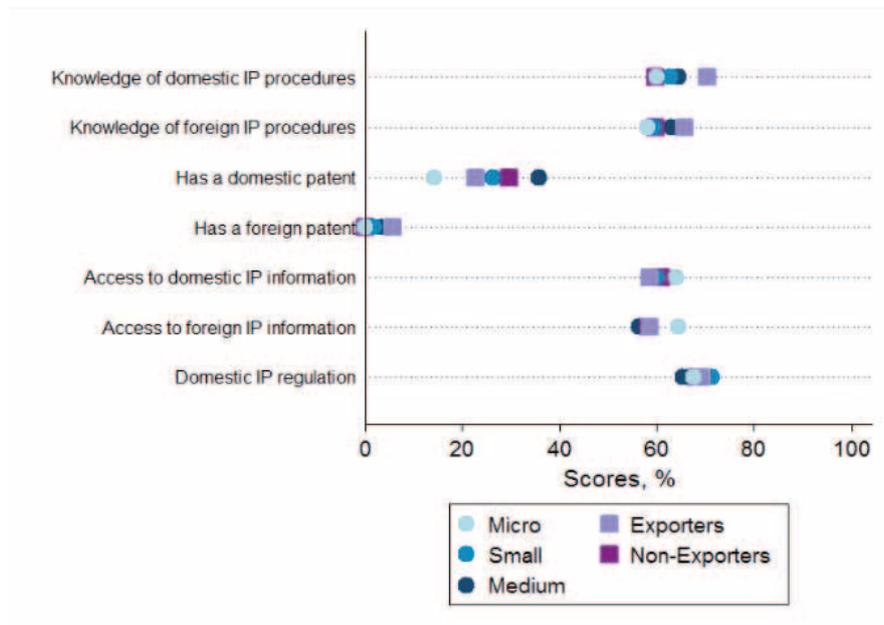
Source: ITC calculations based on SME Competitiveness Survey data collected by ISD.

Intellectual property requirements

Low barriers to entry and rapid change in the services sector make patents potentially very useful when they can be attained. However, ITC's survey reveals that only 27% of MSMEs hold a domestic patent for their main product. Interestingly, firms in the survey reported a good knowledge of domestic intellectual property (IP) systems and procedures, which suggests that firms would at least know where to start if they wanted to pursue a patent (see Figure 7). However, this begs the question: if firms know how to get a patent, why don't they?

Many of the MSMEs surveyed believe patents, and the benefits patents bring, are only relevant for large companies. Respondents also seemed to confuse business registration with the protection of their product against copycats. While it is true that large firms tend to hold a variety of patents, the patent system was originally designed to protect entrepreneurs from competition for a limited time so that they could commercialize their offer. In other words, the patent system was designed to encourage the establishment and growth of new businesses, including MSMEs.

Figure 7 Intellectual property indicators



Source: ITC calculations based on SME Competitiveness Survey data collected by ISD.

The value of intellectual property protection

Creativity and innovation are the basis for economic growth and competitiveness. Research has shown that growth is closely related to the capacity of an economy to generate innovation and commercialize innovative products.² As Indonesia urbanizes, effective protection of intellectual property will help the country move into higher value-added activities.

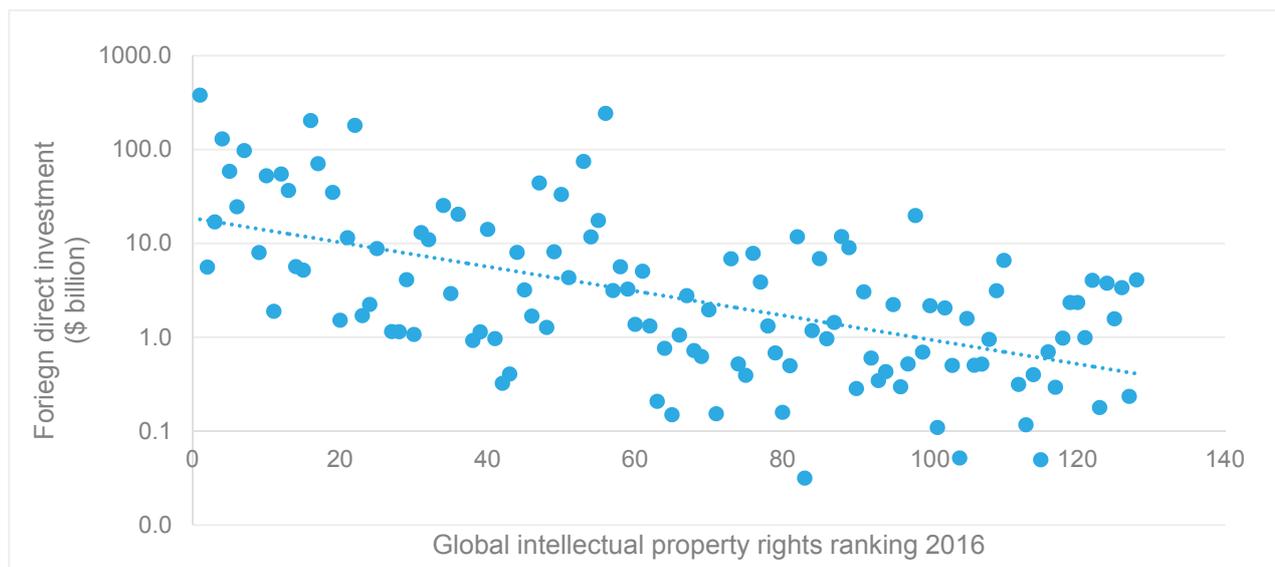
Since the agreement on Trade-Related Aspects of Intellectual Property Rights was signed in the Uruguay Round, developing countries that are members of the World Trade Organization have been encouraged to adopt a set of minimum standards on intellectual property rights (IPR). This strengthening of IPR protection in developing countries had a significant impact on foreign direct investment (FDI) in these countries for several reasons.

Strengthening IPR protection in a developing country makes it difficult for local firms to copy products developed by other firms, and decreases the risk of technology imitation in that country. Thus, strengthening IPR protection influences the decision of a firm with advanced technology on whether to transfer production to that country. In addition, a decrease in imitation changes the monopolistic rent that the inventor of a good can earn, which is likely to influence investment in research and development activities by firms in developed countries (Tanaka & Iwaiskako, 2014).

Figure 8 suggests that better IPR protection is associated with higher FDI flows. A plausible explanation is that strengthening IPR creates a better investment environment for technology transfer. An increase in FDI and technology transfers creates opportunities for MSMEs to benefit from better technology and investment.

²The following sections and many of the included examples of the benefits of IP economy are summarized in ICC, Intellectual Property: Powerhouse for Innovation and Economic Growth M2011O <http://iccwbo.org/data/documents/bascap/ipQandQeconomicQgrowth/ipQpowerhouseQforQinnovationQandQeconomicQgrowth/> and ICCQBASCAP, Promoting and Protecting Intellectual Property in Kenya M2011O <http://www.iccwbo.org/WorkArea/DownloadAsset.aspx?id=2147490263> [WorkArea/DownloadAsset.aspx?id=2147490263](http://www.iccwbo.org/WorkArea/DownloadAsset.aspx?id=2147490263)

Figure 8 Intellectual property rights and foreign direct investment



Source: ITC calculations based on IPR and World Bank Data.

Information and communications technology requirements

Today organizations of all types are using ICT to cut costs, improve efficiency, and provide a better customer experience. Many firms in Indonesia use computer systems to manage back office operations, have an Internet connection, and use email to conduct business.

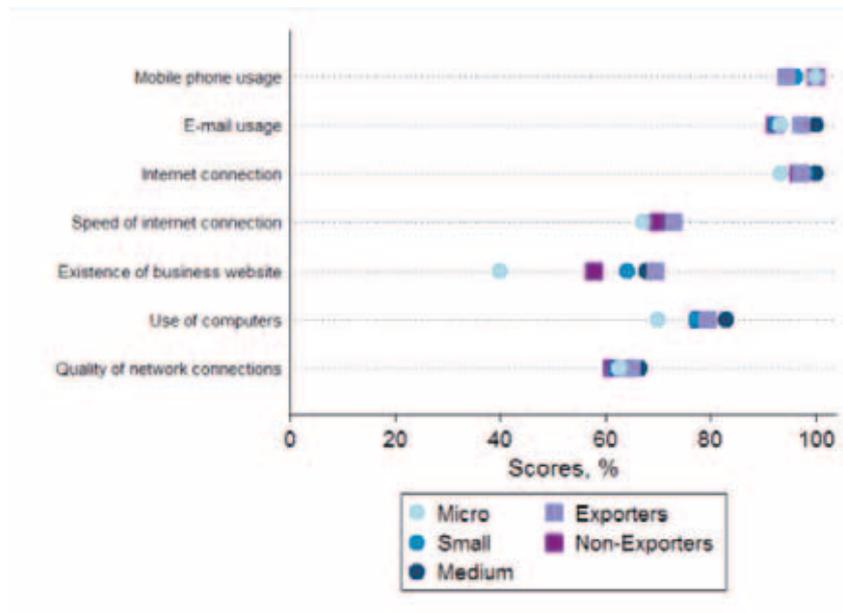
Women-owned services companies are well connected

Over the last 20 years, faster communication enabled by the Internet has allowed firms to outsource part of their production to low-cost countries and to manage more easily complex supply chains. The Internet also allows MSMEs to sell to a global consumer base.

The level of ICT usage is high among the firms surveyed (Figure 9). Firms of all sizes have a good uptake of basic communications technology (for example, using email in day-to-day operations, and having an Internet connection).

Around 40% of micro-sized firms have a business website, with this fraction rising to 64% for small firms. Although there is a noticeable size-dependence, these figures are higher than the average across Indonesia, which hovers around 20% (World Bank, 2015). This is partly due to the sector this sample covers, namely services firms in tourism, ICT and professional services where a business website is often a prerequisite to being competitive in the market.

Figure 9 ICT requirement indicators



Source: ITC calculations based on SME Competitiveness data collected by ISD.

Firms need better quality Internet connections

Some of the lowest scores in this theme centre around firms' opinions on the quality of their Internet connection. According to the International Telecommunication Union (ITU), only 1.2% of the population have a fixed broadband subscription, meaning that slow Internet speeds are the norm (ITU, 2016). ITU estimates that the international Internet bandwidth per user is less than 0.8 kilobytes per second. At this speed, it would take more than 14 days to download a 1-gigabyte file from abroad. The Internet speed in urban areas is likely to be substantially higher.

Since Indonesia is the world's largest archipelago, it faces daunting challenges with respect to improving its citizen's connectivity. Mobile solutions may be more feasible, but the connectivity requirements of businesses are often greater than what mobile options can offer. Currently, only fixed-line networks provide the quality and stability required of, for instance, e-commerce businesses, or firms that use cloud computing.

According to the SME Competitiveness Survey, exporters were 10 percentage points more likely to have a website than non-exporters. For international buyers, having a modern website is a signal of a competent company. Without one, Indonesian MSMEs will find it much harder to sell their products abroad.

The Indonesia Broadband Plan aims to connect all people living in urban centres and over 50% of those living in rural areas with Internet speeds of 1 Mbps or greater by 2019 (ITU, 2015). Encouragingly, the plan aims to connect more than 70% of people in urban areas with connections of 20Mbps or greater, the quality of connection needed by businesses.

Building the client base

Advertising is often the main way businesses try to increase and diversify their customer base. Traditional advertising methods involve creating ads on television, the radio or in newspapers. While these methods have proven effective, they are costly and require a lot of preparation time. The rise of social media has provided firms with an alternate, and often free or low-cost route to engage directly with customers. The fact that large fractions of the world's population are on the same platforms means one profile has the potential to reach billions of consumers.

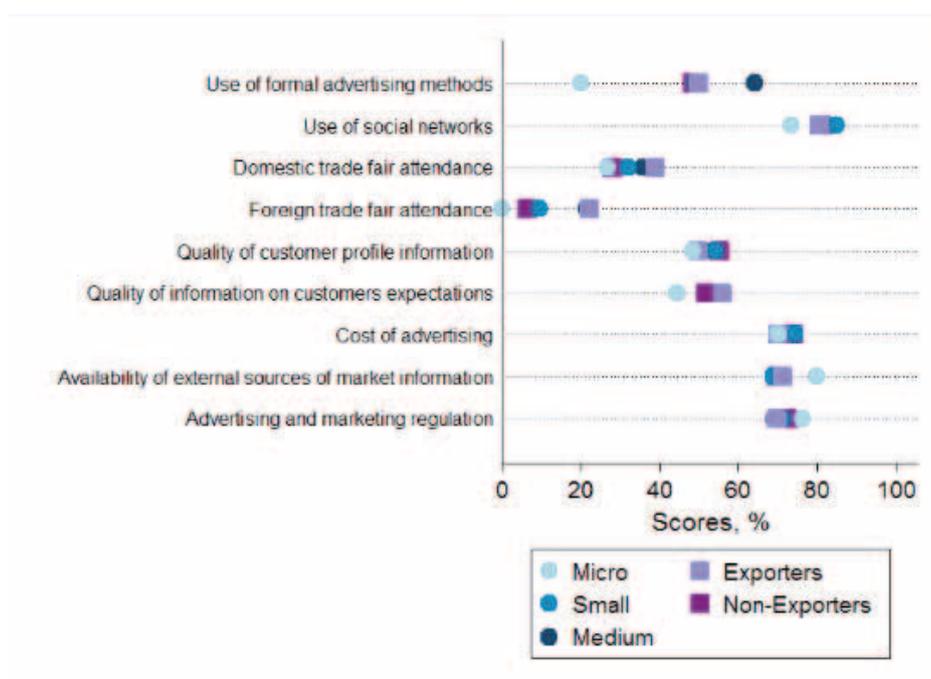
Using social media to better understand target audiences

The survey asks firms if they have engaged in either traditional advertising methods or used social media networks to promote their products. Findings show that larger firms are more likely to use traditional advertising methods to promote their products (Figure 10). Only 20% of micro-sized firms engaged in traditional advertising, compared to 64% of medium-sized firms. For social media advertising, there was little dependence on firm size, with around 80% of firms said they used such methods.

The growth of social media has enabled MSMEs to bypass expensive advertising agencies and reach customers directly. MSMEs recognize this opportunity and are seizing it. However, for social media to be effective, MSMEs must be able to identify their target customer groups.

Among the firms surveyed, only 19% reported having a good or excellent understanding of their customers' profile information, and only 18% reported collecting information on their customers' reactions to, and expectations of, their products. Thus, there is room to improve MSMEs' use of social media to help grow their enterprises.

Figure 10 Connecting with customers



Source: ITC calculations based on SME Competitiveness data collected by ISD.

Is social media replacing the role of trade fairs?

Trade fairs are a long-established way of generating visibility for products. Over the last 20 years, the number of trade fairs and the capacity of trade fairs has grown rapidly (The Global Association of the Exhibition Industry, 2014). Ironically, the popularity of these fairs have made it more difficult for participating firms to stand out, even if these events offer direct interaction with customers and industry players.

Few of the firms surveyed attended domestic trade fairs, and even fewer participated in foreign trade fairs. This may be due, in part, to the rise of social media advertising. However, trade fairs still have a role to play.

The IORA project connects women-owned or led firms in the region to international buyers through various business-to-business events including SheTrades Global (formerly the Women Vendors Exhibition Forum) and Berlin's Travel Trade Show, ITB Berlin. The targeted nature of these events means entrepreneurs make valuable contacts that can lead to increased sales.

Box 4 SheTrades testimonial: ORADIVE Komodo

Shana Fatina
CEO, ORADIVE Komodo
IORA Beneficiary in Indonesia

'Being at ITB Berlin and PATA Travel Mart 2017 with ITC support has widened my view and strategy about the global tourism industry. With many opportunities from potential partners and buyers all over the world, I have learned how to improve our services and products as a global player.

I have closed deals and gained potential partnerships for future deals, which will exponentially enhance our exposure to travellers from parts of the world that we have never imagined before. Since I joined the SheTrades Initiative in Indonesia, I have made more than \$74,000 of sales, selling 24 times more, and tapped into new markets: Eastern Asia, Eastern Europe, and Scandinavia.

As beneficiaries, we did not only get a very nice strategic booth to display our services and products, but also a full effort from the ITC team to introduce and match us with potential buyers and partners. The help resulted in deals for our business. In addition, we participated in webinars delivered by experts from ITC's network. This shows how ITC really put their hearts into supporting Indonesian women entrepreneurs in the tourism sector.

The support from ITC has provided a precious opportunity not only for us but also for the local community in the island of Komodo.'

Source: ITC

Quality requirements

Standards and certificates play an important role in international trade and often determine the ability of enterprises to enter international markets. Prior to exporting, firms research rules and regulations of other countries to understand their compliance requirements. As well as product requirements, they may also have to meet process-related requirements to export their services abroad.

While holding an international quality certificate is often a prerequisite to become an exporter, even domestic firms can benefit from holding such certificates, especially in countries whose domestic compliance infrastructure is poor.

Finding information on standards

In Indonesia, firms need to wade through and choose from dozens of quality standards if they want to become certified. Figuring out which one will bring the company the most value added is difficult, especially for MSMEs who do not necessarily have the time to sift through all the options.

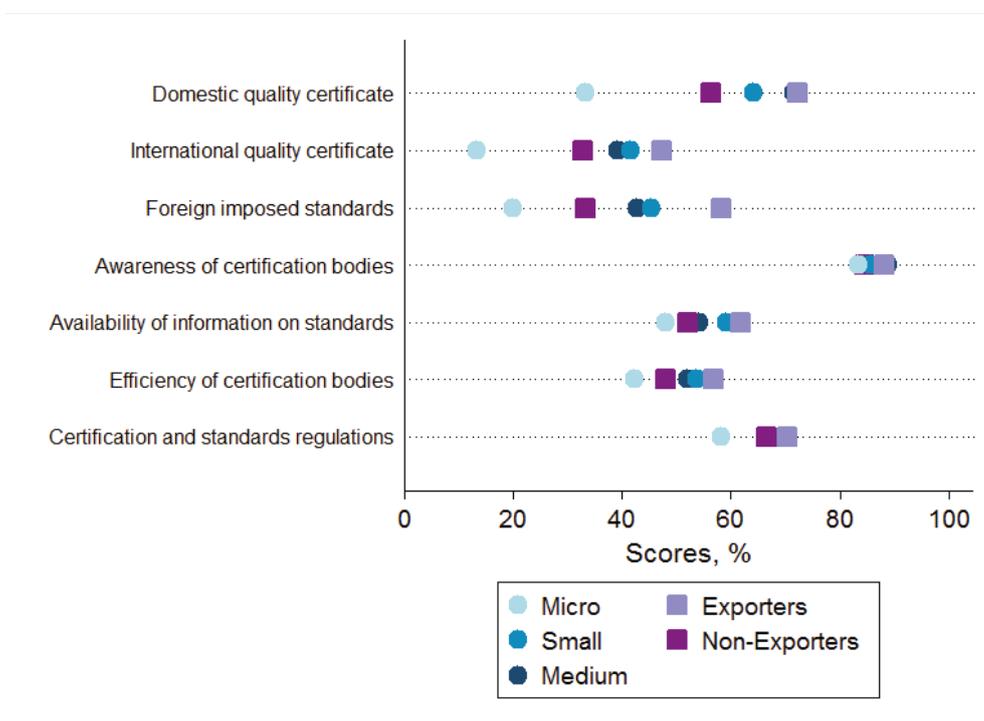
ITC’s survey reveals that firms had great difficulties finding information on standards and certificates. Only 18% of firms reported that the business environment provided them with either good or excellent information on standards. Furthermore, the ratings did not vary much by firm size, indicating this is a problem that is not solved by scale.

A 2011 study commissioned by the European Union on Indonesia’s export quality infrastructure stated that government funding of technical infrastructure is overall quite good, but institutions do not function as a system, pointing to a lack of cooperation and information sharing (DFC, 2011). A key recommendation from the report was to create a functioning certification information inventory, which is freely accessible by all technical infrastructure users.

Smaller firms are less likely to be certified

The larger the firm, the more likely it is to hold either an internationally recognized quality certificate or a domestic certificate for its main product (Figure 11). However, only around 40% of firms hold an internationally recognized quality certificate, compared to 60% for domestic certificates. Exporters are more likely to hold an internationally recognized quality certificate by 14 percentage points.

Figure 11 Quality requirements



Source: ITC calculations based on SME Competitiveness data collected by ISD.

Certification bodies are rated poorly

Women-owned firms surveyed by ITC rated the utility of certification bodies in Indonesia quite low. They gave them an overall score of 51 out of 100, and only 12% of them rated these organizations to be good or excellent. This is, in part, because certification tests can be quite complicated to navigate for MSMEs, especially when they are time sensitive.

Much of Indonesia’s technical infrastructure is under the control of the government. As such, different aspects of the country’s quality control infrastructure are managed by different ministries, often leading to coordination failures and duplication of responsibilities. The poor ratings given by women-owned firms in the services sector show that much still remains to be done to improve the effectiveness of certification bodies.

Skills requirements

In order to be and remain competitive, firms must be able to identify their future skills requirements and invest in upgrading the capacities of their employees. Firms also need to have access to a good pool of candidates when they are hiring.

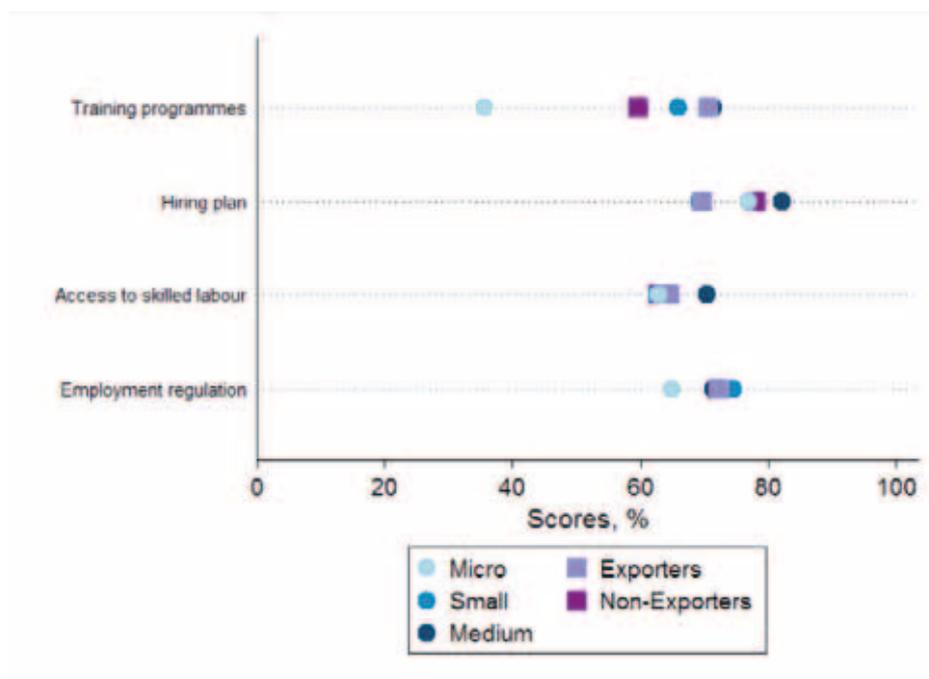
Training programmes

Many firms offer staff training programmes to help improve their skills. This benefits not only the worker but also the company as new skills and perspectives can help solve company problems. Overall, 64% of the MSMEs surveyed offered some kind of staff training programme (Figure 12). However, when this number is broken down, very few micro-sized firms offered any such programme.

The discrepancy between micro and medium-sized firms is consistent with empirical evidence from the economic and business literature, pointing to resource constraints as well as to the opportunity cost of having a formal training programme.

While informal training is prevalent for firms of any size, the adoption of formal, structured, and development-oriented training increases with firm size (Kotey & Folker, 2007). Research also reveals that smaller employers prefer informal training provided in house, because it can be tailored to their needs and conducted at suitable times. Additionally, small firms tend to disregard the importance of improving skills, when in fact the annual return on investment in employee training can range between seven and 50% (Bartel, 2000) and (Stone, 2012).

Figure 12 Skills requirement indicators



Source: ITC calculations based on SME Competitiveness data collected by ISD.

Lack of training programmes among micro-sized firms is also consistent with the fact that most women entrepreneurs in Indonesia are classified as necessity-oriented, rather than growth-oriented, entrepreneurs. Growth-oriented entrepreneurs demonstrate the ability and willingness to expand their enterprise, while necessity-oriented entrepreneurs enter into entrepreneurial activity out of lack of options and are unlikely to change their business trajectory. World Bank findings suggest that only 15% of women entrepreneurs in Indonesia can be classified as growth-oriented (World Bank, 2016).

Importance of skilled personnel

Today's markets are often characterized by their fast-changing nature. To stay ahead, firms need skilled and flexible personnel. For MSMEs, staff who can fulfil a range of tasks competently is critical. Furthermore, one bad worker in an MSME can affect the bottom line to a greater extent than in a large company. Approximately 48% of the companies surveyed said hiring staff with the right skills was not a problem. Encouragingly, labour regulations were not seen as a major constraint. However, this suggests that perhaps the education system may not be providing firms with the skills companies are looking for.

Breaking gender stereotypes

ITC's SME Competitiveness Survey asked women-owned MSMEs gender-specific questions on performance, strategy and operations. Indonesian labour laws ban employment discrimination against women and mothers. However, there are some deficiencies in the current system. For instance, while women are entitled to a paid maternity leave, they are not guaranteed an equivalent position after maternity leave, which can discourage mothers to resume work after the birth of a child.

Low credibility affects women-owned businesses

Interestingly, approximately 81% of the respondents from the survey claim that being a women-owned company negatively affects the credibility of their business. While the prestige of female entrepreneurs is growing in Indonesian society, negative value judgements are still applied to women-led businesses. Consequently, women enterprises struggle to raise start-up funds, and attract clients or business partners.

The low credibility of women entrepreneurs may be due to social norms. For instance, a married woman cannot be head of household by law, strongly suggesting that Indonesian women are second to their male partners (World Bank, 2016).

Women-owned firms decide to remain small

While the vast majority (89%) of respondents confirm that women bear the primary responsibilities for reproductive and unpaid work, an almost equally high proportion (83%) do not see this as a social obstacle or restriction to work. This may be related to the expectations women have related to work.

Respondents show low levels of motivation to scale up their businesses. They see their business as a complementary source of income. While they claim to have the ability to expand, they chose not to take this chance. Many respondents are satisfied with their current business operation as it is enough to fulfil their needs and aspirations, which is the main reason many of these firms are not growth-oriented enterprises.

Barriers to going global

Fewer women feel able to take their businesses to the next step: internationalization. More than three quarter of the respondents believe that women-owned or led enterprises do not internationalize as much as those owned or led by men. On the one hand, some women blame culture and the perpetuation of gender roles. On the other hand, they lack confidence, believing that women are less competitive than men, and that men are more aggressive in networking and lobbying for their businesses.

Respondents consider the steps to export too challenging, cumbersome and time-consuming. Since 82% of respondents believe that women workers are better qualified than male workers, the clear bottleneck is in the level of confidence women have in their own capacities, and in the low ambition to push their limits.

CHAPTER 3 POLICY RECOMMENDATIONS

Women's participation in the work force

Key findings

- Women account for only 38% of Indonesia's labour force. Furthermore, only 50% of all working age women participate in the work force; a figure that has not grown in more than 25 years.
- Just under 80% of employees of micro-sized firms are women, compared to 37% of employees for medium-sized firms. This means that, even among women-owned or led firms, as businesses grow they tend to employ fewer women.

Recommendations

- Greater efforts need to be made to boost the number of women in Indonesia's labour force. Policies to encourage hiring women can help. For instance, mandating that companies offer flexible working options and incentivising work through taxation policy have led to increases in the numbers of women joining the workforce in other countries.
- Indonesia's national statistics agencies should consider enhancing its collection and reporting of sex-disaggregated data to facilitate more detailed research into the barriers faced by women-owned MSMEs in the country.
- Contribute to the creation of standard definitions for women owned firms to facilitate access to targeted support and markets. The ITC defines a women-owned MSME as a company in which women own at least 30% of the invested capital and which are managed day-to-day by women.

Intellectual property requirements

Key findings

- Only 27% of women-owned or led enterprises hold a domestic patent for their main product. This figure drops to 2% for international patents. Most firms are unaware of the benefits of holding patents. Those that were aware of the benefits preferred not to apply as they did not see the value in doing so.
- Women report having a good knowledge of the IP application processes, yet do not apply for patents. Part of the reason for this is because firms wrongly believe patents are only relevant for large firms.

Recommendations

- MSMEs need to become better informed about the costs and benefits associate with getting a patent. Support services should be established and marketed to educate MSMEs on the benefits of patents, and help them identify if applying for a patent is relevant for their company. Internationally recognized patents are a critical first step for business to go global.
- The patenting of products in new service industries opens up difficult questions such as whether the approach, algorithm, intended use, or the code itself of a programme is patentable. Clarification on what is patentable will help MSMEs understand what parts of their business they can protect from competitors, and by extension, how they should spend their research and development resources.
- The government should consider deploying public funds to help research institutions, individuals, or private sector firms with the application process. Such an approach has been credited with increasing the number of patents in South Africa under the Support Programme for Industrial Innovation (SPII, 2013).

Information and communications technology requirements

Key findings

- Women-owned or led services firms are well connected. Nearly all use mobile phones, emails and have an Internet connection. However, only 40% of micro-sized firms have a business website, compared to 64% for small firms. Nevertheless, this is higher than the countrywide average of 20%.
- As firm size increases, the fraction of women employed falls. According to the survey, this effect is most pronounced for the ICT sector.
- Only 45% of the firms sampled rated the quality of their Internet connection as good or excellent.
- Exporters are 10 percentage points more likely to have a business website compared to non-exporters, underscoring that is important to encourage MSMEs to get online if they want to sell globally.

Recommendations

- Capacity-building efforts to encourage more women-led enterprises to establish an online presence is needed. Tailored programmes for women-entrepreneurs may help. Under the IORA project, ITC has organized webinars and workshops to equip MSMEs with the technical and business skills necessary to establish and manage an online presence.
- Too few women have the technical skills needed to work in larger firms. This limits their chance of rising to the top of large companies. The government should continue to ensure that women acquire basic ICT skills at school.
- The implementation of Indonesia's broadband plan is critical to boosting MSME competitiveness. Businesses require a higher quality Internet connection in terms of both speed and stability. Furthermore, smaller firms find it harder to pay for fast Internet connections, thus policies should be enacted to ensure MSMEs would benefit fully from Indonesia's improving connectivity.

Building the client base

Key findings

- Only 20% of micro-sized firms surveyed engaged in traditional advertising compared to 64% of medium-sized firms. In terms of advertising on social media, there was little dependence on firm size; around 80% of firms used such methods.
- About 20% of the firms surveyed reported having good or excellent knowledge of their customers' profile.
- Few of the firms' survey have attended either domestic or foreign trade fairs.

Recommendations

- Improving enterprises' ability to engage clients and expand outreach is essential. Targeted training programmes to help entrepreneurs segment their client base and focus on their needs and expectations can help. ITC helps women-owned or led MSMEs in developing countries to acquire marketing expertise to better target consumers. Through the SheTrades initiative, women-owned or led MSMEs are given opportunities to be mentored by senior professionals who have substantial experience in making buyer-seller linkages. SheTrades also runs capacity-building workshops to better promote the services offered by women-owned MSMEs.
- Trade fairs can provide opportunities for MSMEs to meet potential international buyers and be connected with international markets. Women entrepreneurs may benefit the most from trade fairs specifically targeted at women such as ITC's annual SheTrades Global event.

Standards and certification

Key findings

- Only 18% of firms reported that their business environment provided them with either good or excellent information on standards.

- Around 40% of firms hold an internationally recognized quality certificate compared, to 60% for domestic certificates.
- Firms surveyed gave certification bodies a satisfactory utility score of 51 out of 100. Only 12% rated certification bodies as good or excellent.

Recommendations

- Certification bodies, which make up Indonesia's technical infrastructure, should become more visible to MSMEs. A 2011 study commissioned by the European Union on Indonesia's export quality infrastructure recommends developing a certification information inventory that is freely accessible to all technical infrastructure users.
- One way the country can encourage such improvements is by harmonising standards with regional neighbours and signing Mutual Recognition Agreements. Such efforts often force standards authorities to undertake intensive reforms that improve their efficiency.
- The quality of certification bodies needs to improve. A review of certification bodies could help to find the holes in their functioning and improve the transparency of information provided. This would contribute to creating an enabling environment for services firms to meet quality requirements and therefore facilitate cross-border provision of services.
- Sector associations, as well as trade and investment bodies, are well placed to help firms become compliant with international standards. Sector associations have strong links to companies and can help firms become certified by building awareness of certification options, suggesting new markets for which certification is needed, and representing business interests to public or private technical infrastructure authorities, including standards agencies and testing laboratories. Special women-only trainings may result in more women-owned MSMEs engaging in international trade.

Skills requirements

Key findings

- Sixty-four per cent of the firms surveyed offered some kind of staff training programme.
- Around half of firms surveyed reported it was difficult to find adequately skilled staff.

Recommendation

- For firms to find the skills they are looking for, educational institutions should better align their courses to the skills demanded by the market. Many of the firms surveyed reported that technical ICT skills were lacking among potential employees. Such skills are especially important for firms operating in the services sector.

Closing the gender gap

Key findings

- Approximately 80% of the respondents from the survey claim that being a women-owned company negatively affects the credibility of their business.
- The vast majority (89%) of respondents confirm that women bear the primary responsibilities for reproductive and unpaid work, but an almost equally high proportion (83%) do not see this as a social obstacle or restriction to work. The consequence is that these women entrepreneurs see their business as a complementary source of income, and are not able to scale up their businesses.
- More than three quarter of the respondents believe that women-owned or led enterprises do not internationalize as much as those owned or led by men. On the one hand, some women blame culture and the perpetuation of gender roles. On the other hand, they lack confidence believing that women are less competitive than men, and that men are more aggressive in networking and lobbying for their businesses.

Recommendations

- Capacity-building initiatives designed to boost Indonesian women's confidence and ambition could lead to faster growing women-owned enterprises.
- Women-owned or led firms in Indonesia should have access to assistance to internationalize. ITC offers integrated, market-led solutions to help MSMEs: identify market opportunities in value chains; use e-solutions to access new markets; and develop and implement export and investment strategies. ITC and IORA work together to help women entrepreneurs in the services sector to build supply capacity and connect to the international market.
- To break the perpetuation of gender stereotypes, more initiatives highlighting the achievements of successful women entrepreneurs should be undertaken.

APPENDIX

Under the ITC–ISD collaboration, ISD compiled a list of 100 women-owned or led firms in various services sectors to interview from its database. ISD then deployed a team across Indonesia to establish initial communication with the respondents and conduct face-to-face interviews. As a starting point, pilot interviews were conducted in order to validate the data collection process and ensure the effectiveness of the interview process before full field interviews took place.

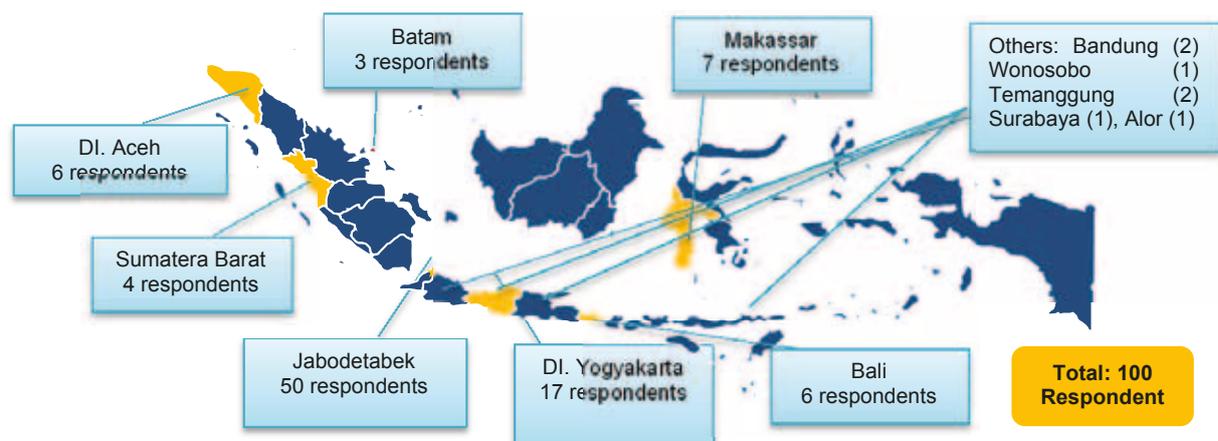
The sample of firms to interview was selected according to the following criteria:

- A company in the services sector in Indonesia
- Women-owned or led (woman entrepreneur/director/CEO)
- A micro, small or medium-sized enterprise, based on the definition in Indonesian Law:
 - Asset value (excluding land and building) of less than Rp.10 billion (\$750,000);
 - Annual sales of less than Rp.50 billion (\$3.75 million).

The geographical distribution of respondents is depicted in Figure 13. The regions covered by the survey (see bullets below) have been selected for their importance as economic centres, tourism attractions or matrilineal societies.

- **Jabodetabek (Jakarta, Bogor, Tangerang, Bekasi)** is the economic centre of Indonesia with the highest income per capita in the country.
- **D.I. Yogyakarta and Bali** are popular tourism destinations in Indonesia, with a growing number of accommodations, cafés, and restaurants in the area that are creating job opportunities for women.
- **D.I. Aceh** was struck by a tsunami in 2004. The economy has been revitalized especially in tourism, retail, and other community-based businesses.
- **Sumatera Barat** through the Minangkabau culture (local sub-ethnicity in Wes Sumatra) forms the largest matrilineal society in Indonesia. This culture encourages women leadership in businesses and property ownership.
- **Batam** has been transformed into a Special Economic Zone designed to accelerate business development. It serves as the gateway for export-import activities between Indonesia and neighbouring countries, and is one of the country's hubs for services, namely tourism, logistics, and retail.
- **Makassar** is the economic centre in east Indonesia.

Figure 13 Geographical distribution of survey respondents



Source: ITC

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